

Message Text

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10

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

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SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 PRS-01 USIA-06

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R 072000Z MAR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9072

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

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E.O. 11652: GDS

TAGS: ENRG, UK

SUBJECT: ANGLO/FRENCH DISPUTE OVER DRILLING IN ENGLISH
CHANNEL

1. DEPARTMENT OF ENERGY CONFIRMS PRESS REPORTS THAT
FRENCH AND BRITISH DISPUTE OVER MEDIAN LINE ZONING OF
ENGLISH CHANNEL HAS BEEN ELEVATED TO LEVEL OF PRIME
MINISTER WILSON AND PRESIDENT GISCARD. DISPUTE PROBABLY
WILL BE RAISED AT DUBLIN SUMMIT WHERE PM WILL URGE THE
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FRENCH SIGN ARBITRATION AGREEMENT AND PROCEED WITH SE-

LECTION OF INDIVIDUAL ARBITRATORS.

2. ACCORDING TO OUR SOURCES, DISPUTED AREA APPROXIMATELY 20 MILES WIDE OFF BRITTANY AND CORNWALL COULD CONTAIN, BASED ON PRELIMINARY GEOGRAPHICAL DATA, UP TO 600 MILLION TONS OF RECOVERABLE OIL OR OIL EQUIVALENT RESERVES. FRENCH HAVE HOPES TO PROCEED WITH AWARD OF LICENSES UP TO MEDIAN LINE AS SO FAR DEFINED WITHIN NEXT WEEK OR TWO. BRITISH, ON OTHER HAND, WANT NO DRILLING TO PROCEED UNTIL FRENCH HAVE AT LEAST INITIALED ARBITRATION AGREEMENT AND HAVE AGREED TO SELECTION OF SPECIFIC ARBITRATORS. UK HAS EXPRESSED A WILLINGNESS TO TAKE THESE STEPS, BUT FRENCH AFTER HAVING AGREED "AD REFERENDUM" AT OFFICIAL LEVEL, DECIDED NOT TO PROCEED AS AGREED.

3. BRITISH REALIZE ARBITRATION PROCEEDINGS COULD TAKE A LONG TIME AND PROBABLY WOULD BE WILLING TO ENTER INTO AN INTERIM ARRANGEMENT PROVIDING FOR DRILLING TO TAKE PLACE OUTSIDE OF DISPUTED AREA. MAIN DIFFICULTY WITH THIS AP- GAS) ARE CLOSE TO MEDIAN LINE WITHIN DISPUTED AREA.

4. UK MINISTERS ARE MOVING RATHER CAREFULLY IN CHANNEL DISPUTE BECAUSE OF POSSIBLE REPERCUSSIONS DURING DELI- CATE FINAL PHASE OF RENEGOTIATION OF TERMS OF BRITISH MEMBERSHIP IN EC. POTENTIALLY EXPLOSIVE ISSUE COULD BE USED BY ANTI-EUROPEANS IF FRENCH OIL COMPANIES STARTED EXPLORATORY DRILLING IN CONTESTED AREA PENDING RULING OF INDEPENDENT ARBITRATION TRIBUNAL. ON OTHER HAND, BRITISH BELIEVED THEY WERE BADLY BURNED ON NORWEGIAN MEDIAN LINE NEGOTIATIONS AND ARE NOT ABOUT TO GIVE AWAY WHAT COULD AMOUNT TO 4 TO 5 BILLION BARRELS OF PETROLEUM RESERVES.

5. BRITISH WOULD WELCOME FRENCH DISCOVERY OF SOME OIL IN CHANNEL BELIEVING THIS WOULD BE HELPFUL IN CONTEXT OF EC ENERGY PICTURE AS WELL AS OVERALL IEA SITUATION. BRITISH OFFICIALS HOPE COMPROMISE CAN BE WORKED OUT AT DUBLIN SUMMIT EARLY NEXT WEEK.

6. FRENCH HAVE SOUGHT FOR SEVERAL YEARS TO OBTAIN BRITISH CONSENT TO RESOLUTION OF MEDIAN LINE QUESTION. LIMITED OFFICIAL USE

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ONLY IN JULY 1974, HOWEVER, DID WILSON AGREE TO GISCARD'S PROPOSAL TO SEND DISPUTE TO ARBITRATION. FRENCH ACCUSE BRITISH OF STALLING SO THAT UK NEED NOT DIVERT RESOURCES TO BEGIN DRILLING IN CHANNEL WHILE NORTH SEA OPERATIONS ARE GOING ALL OUT. COMMENT: IN THIS RESPECT, SITUATION IS OBVERSE OF BRITISH POSITION IN NORTHERN NORTH SEA WHERE RAPID EXPLOITATION IN UK SECTOR IS FORCING NORWEGIANS TO DEVELOP THEIR ZONE MORE QUICKLY THAN IS

DESIRABLE FROM NORWAY'S GO-SLOW, CONSERVATIONIST POINT OF
VIEW.

RICHARDSON

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